



BUDGET COMMITTEE



Judd Gregg, Ranking Member
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**Senator Gregg Denied Opportunity to Offer Amendment to Housing Bill
To Block \$18 Billion Corporate Bailout
*NOL Provision Rewards Unprofitable Companies at Taxpayer Expense***

Senator Gregg, ranking member of the Senate Budget Committee, today attempted to offer an amendment blocking an \$18 billion corporate bailout in the Senate housing bill, but was denied the chance to offer it by the Democratic majority.

"The NOL provision is by far the single biggest tax item in this bill, so I think it is entirely reasonable that we should have an open debate and an up-or-down vote on it," said Senator Gregg. "Senators should be on record on whether it is right to put \$18 billion on the backs of future generations in order to bail out a targeted segment of our economy."

The Senate housing bill's NOL provision expands a law allowing corporations to apply excess net operating losses (NOL) to tax returns from prior profitable years and receive any applicable refunds. For 2008 and 2009 losses, the provision extends the "NOL carryback" to four years (back to 2004 and 2005, respectively) from the two years currently in law.

The Gregg amendment would strike the NOL carryback provision, which rewards companies simply for being unprofitable. In addition, the NOL provision raises the level of the federal debt in the near-term and effectively requires higher taxes to repay the principal and interest in the long-term. According to the Congressional Budget Office, the NOL provision reduces projected federal revenue by \$17.7 billion in 2008 and 2009 combined. The NOL provision accounts for 83 percent of the total cost of the bill in the first two years.

"My amendment effectively blocks a huge special interest provision, which allows companies like homebuilders to apply current net losses against previous profits and then receive a large tax refund as a result," said Senator Gregg. "This is essentially a massive bailout of industries that have generated huge profits in recent years, and the \$18 billion bill will be footed by current and future generations of American taxpayers. It does nothing to boost economic growth, but simply adds on to the huge amount of debt we are already passing to our children and grandchildren."